Transportation Investment Corporation

Service Plan

2013/14 – 2015/16

BRITISH COLUMBIA

Port Mann / Highway 1
Improvement Project

www.pmh1project.com

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR 3

ORGANIZATIONAL OVERVIEW 5

Mandate and Enabling Legislation 5

Our Vision 5

Our Values 5

TI CORP LOCATIONS 7

CORPORATE GOVERNANCE 8

STRATEGIC CONTEXT 9

GOALS, STRATEGIES, PERFORMANCE MEASURES AND TARGETS 13

GOVERNMENT'S LETTER OF EXPECTATIONS 21

SUMMARY OF FINANCIAL OUTLOOK 22

CONTACT INFORMATION 24

MESSAGE FROM THE CHAIR

To:
The Honourable Mary Polak
Minister of Transportation and Infrastructure

Dear Minister:

On behalf of the Board of Directors of Transportation Investment Corporation (TI Corp), I am pleased to provide our 2013/14 – 2015/16 Service Plan.

2012/13 was a year of significant achievements for TI Corp. Not only was the new Port Mann Bridge officially opened to eight lanes of traffic and the Carvolth Exchange opened to transit service, drivers began to experience travel time savings on the improved Highway 1 and make use of the first rapid transit service across the Port Mann Bridge in more than 25 years. Registration for tolling accounts exceeded expectations and tolling commencement was a smooth transition for corridor users. With more than 500,000 vehicles registered by toll commencement, TI Corp is well positioned to administer an efficient and cost effective toll system, keeping costs low, helping to keep tolls low for drivers.

These successes have laid the foundation for TI Corp's primary objectives for 2013/14:

- Complete highway widening and interchange improvements through the Coquitlam, Burnaby and Vancouver sections of the Highway 1 corridor;
- Maintain and improve on the travel time savings drivers are already experiencing;
- Ensure tolling on the Port Mann Bridge is easy, electronic and efficient and delivers superior customer service for all users.

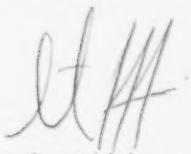
These new objectives are reflected in this Service Plan along with TI Corp's primary objective since inception, the on-time and on-budget delivery of the Port Mann/Highway 1 Improvement Project. In addition, TI Corp is introducing new benchmarks to measure its performance in light of its additional responsibilities, as of December 2012, to collect toll revenue and repay the Project debt. This year, benchmarks are being set to measure TI Corp's performance as a self-sustaining and financially stable organization, its provision of superior customer service, the safe and reliable movement of traffic and goods along the improved Port Mann/Highway 1 corridor, and the engagement of a professional and driven workforce.

Risks to TI Corp over the service planning period are any factors that could affect traffic volumes, corridor reliability or safety, including from adverse weather conditions, and any potential delay to the construction schedule. To mitigate these risks, TI Corp has introduced an attractive introductory toll rate, will continue to ensure potentially-disruptive highway construction work takes place during off-peak hours, has implemented updated incident management procedures and continues to focus on schedule management for project construction.

The 2013/14 – 2015/16 Transportation Investment Corporation Service Plan was prepared under the direction of the Board of Directors in accordance with the *Budget Transparency and Accountability Act*, the BC Reporting Principles, and the 2013/14 – 2015/16 Crown Corporation Service Plan Guidelines. The plan is consistent with government's strategic priorities and its fiscal plan. The Board is accountable for the contents of the plan, including what has been included and how it has been reported.

All significant assumptions, policy decisions, events and identified risks as of December 31, 2012 have been considered in preparing the plan. Performance measures are consistent with TI Corp's mandate and goals, and focus on aspects critical to the corporation's performance. Targets in the plan have been determined based on an assessment of TI Corp's operating environment, forecasting assumptions and risks.

Sincerely,



Grant Main
Chair, Board of Directors

ORGANIZATIONAL OVERVIEW

Mandate and Enabling Legislation

The Transportation Investment Corporation (TI Corp) was established under the *Transportation Investment Act*. TI Corp's primary mandate as part of the Province's Gateway Program is to manage and ensure successful delivery and implementation of the Port Mann/Highway1 Improvement Project. TI Corp is also mandated to recover the capital costs of the project as well as operating and maintenance costs of the bridge and highway.

Our Vision

To develop and implement self-sustaining infrastructure projects for the benefit of British Columbians.

Our Values

The corporation values the diversity of its employees and will strive to deliver projects in a manner that is respectful to residents, businesses, all levels of government and the environment, while ensuring the safe and efficient movement of people and goods.

Core Business Areas and Services

TI Corp is a Crown Corporation tasked with the delivery of the Port Mann/Highway 1 Improvement Project. This includes construction of the new bridge and highway improvements, implementation and management of the tolling operations and repayment of the project costs. Open Road tolling on the new Port Mann Bridge will pay for the design, construction, financing and operation of the improvements to the Port Mann/Highway 1 corridor.

The Port Mann/Highway 1 project uses a free-flow, open road tolling system; a safer and more efficient method of tolling than traditional toll booths. The system is easy, electronic and efficient and based on the principles of superior customer service.

Fully electronic tolling means exhaust emissions from idling cars at toll booths are eliminated and bridge users do not need to worry about exact change or delays. Instead, electronic decals and video capture technology identify vehicles as they pass under the toll gantry at the south end of the bridge. Bridge users may choose to pay before or after travel using a variety of payment methods, including online at www.treo.ca, by phone or in person at self-serve kiosks or Customer Service Centres.

Highway 1 is the most economically critical route in Greater Vancouver. Built in the early 1960s when the population of Metro Vancouver was 800,000, it now serves as the most important east-west corridor to the region's 2.2 million people.

The Port Mann/Highway 1 project is British Columbia's largest transportation infrastructure project and a key component of the Province's Gateway Program. The Port Mann Bridge is a major crossing over the Fraser River forming part of Highway 1 between Coquitlam and Surrey. The new 10-lane Port Mann

Bridge, expanded high occupancy vehicle (HOV) network, transit priority facilities, and widened Highway 1 will help cut round-trip travel times in this corridor by up to 50 per cent, and allows public transit over the crossing for the first time in over 25 years.

The Gateway Program was established as part of a broader response by the Province of British Columbia to reduce congestion, improve the movement of people and goods, and improve safety and reliability on key highway corridors. The Gateway Program improvements will complement other regional road and transit improvements currently planned or under construction.

The Port Mann/Highway 1 Improvement Project includes construction of the new Port Mann Bridge, widening the highway, upgrading interchanges and improving access and safety on Highway 1. The project spans a distance of approximately 37 kilometres from the McGill Street Interchange in Vancouver to 216th Street in Langley. Taken together, these improvements will help create a comprehensive and effective transportation network for Greater Vancouver, which will improve the movement of people and goods, facilitating economic growth, increased transportation choices and improved connectivity to areas designated for population growth.

The goals of the Port Mann/Highway 1 Improvement Project are as follows:

- Reduce congestion and travel times;
- Improve safety and accessibility;
- Facilitate expanded public transit service; and
- Expand the transportation network to better accommodate high occupancy vehicles (HOV), cyclists and pedestrians.

As a result of this project, reliable bus service is crossing the Port Mann Bridge for the first time in over 25 years. TransLink's ExpressBus service connects New Westminster at the Braid SkyTrain Station to the newly constructed Carvolth Exchange in Langley in about 22 minutes.

Partners, Clients, Stakeholders

TI Corp's key functions are to pay for the Port Mann/Highway 1 Improvement Project within the prescribed time period, and the ongoing management and oversight of the design-build contractor and their activities, ensuring that construction proceeds on budget and on-time with minimal disruption to road and bridge users.

Our key partners include:

- Ministry of Transportation and Infrastructure/ BC Transportation Financing Authority
- Municipalities adjacent to the corridor
- Insurance Corporation of British Columbia
- TransLink and V-Flow Tolling Inc.
- Kiewit/Flatiron General Partnership
- Trans Canada Flow Tolling Inc. (TC Flow)
- Sanef ITS Inc.
- Mainroad Infrastructure Management Limited Partnership

Key stakeholders and clients include tolling customers, businesses and industries that will benefit from the project improvements and those providing advice and input:

- The travelling public, TI Corp's customers
- RCMP and other first responders
- First Nations
- Businesses
- Commercial trucking, service companies and drivers
- Businesses and residents located adjacent to the project corridor

Additional information about the Gateway Program and TI Corp can be accessed at the following website links:
http://www.gatewayprogram.bc.ca
http://www.pmh1project.com

More information about open road tolling and TReO, TI Corp's customer service brand, is available here:
http://www.treo.ca

TI CORP LOCATIONS

TI Corp operates TReO Customer Service Centres in Surrey and Coquitlam. These locations are conveniently located close to the highway so drivers can pay their tolls or receive customer service before or after they travel.

TI Corp also operates a construction project office with project personnel in the field daily along the 37 kilometers of highway improvements.

Corporate Head Office:
Suite 210 – 1500 Woolridge Street Coquitlam, B.C. V3K 0B9

Project Office:
Suite 40 – 145 Schoolhouse Street, Coquitlam, B.C. V3K 4X8

TReO Coquitlam Customer Service Centre:
2nd floor, 1500 Woolridge Street, Coquitlam, B.C. V3K 0B9

TReO Surrey Customer Service Centre:
16300-104 Avenue, Surrey, B.C. V4N 1Y5

CORPORATE GOVERNANCE

By legislation, TI Corp is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board of Directors, through the Chair, report to the Minister of Transportation and Infrastructure (designated as the Minister Responsible for TI Corp) and is responsible for overseeing the conduct of business, directing management and ensuring that all major issues affecting TI Corp's affairs are given appropriate consideration.

The Board of Directors adheres to the following Corporate governance principles, which are set in accordance with Part 2 "Best Practices Guidelines: Governance" of the Province's *Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organization:*

- Act in the best interests of the Corporation;
- Develop, maintain and adhere to terms of reference for the Board, Chair, Directors and Committees;
- Ensure there is a planning process, to become engaged in the process, and then review, question, validate and, ultimately, endorse the Service Plan and monitor performance;
- Follow the board-approved TI Corp Governance Guidelines

As a Crown agency, TI Corp operates under a Government Letter of Expectations that outlines both the corporation's as well as the shareholder's responsibilities, and is jointly signed by the Minister of Transportation and Infrastructure and the Chair of TI Corp.

TI Corp's Board of Directors follows the governance practices contained in the Board Resourcing and Development Office (BRDO) corporate governance guidelines. More information regarding TI Corp Board governance can be found at: http://www.pmh1project.com/about-the-project/about-ti-corp/Pages/Financial-Reporting.aspx

The Board of Directors currently consists of:

Chair - Grant Main, Deputy Minister, Ministry of Transportation and Infrastructure
Member - Larry Blain, Chair, Partnerships British Columbia
Member - Don Fairbairn, President, DCF Consulting Ltd

As a public Crown Corporation and part of the Provincial Government's Public Sector Employer's Council (PSEC), TI Corp operates under PSEC's best practices for transparent and full disclosure of public sector executive compensation.

Committees
In January 2012, the Board instituted an Operations Committee of the Board. Members are:
Don Fairbairn, Chair
Larry Blain, Member
Mike Proudfoot, Ex-officio Member

Officers
Chief Executive Officer - Mike Proudfoot
Vice President Technical Services - Garry Dawson
Chief Financial Officer – Janet Woodruff

STRATEGIC CONTEXT

Operating Environment
With the opening of the new Port Mann Bridge to eight lanes, and highway widening complete from 200 Street in Langley to Brunette Avenue in Coquitlam, drivers have begun to experience significant travel time savings. The availability of these time savings corresponds with the commencement of tolling on the new Port Mann Bridge.

The tolling framework, which took effect on December 1, 2012, provides for a substantially reduced toll rate for car drivers for the first three months. Following a free week with no tolls from December 1 to December 8, all car drivers will pay $1.50, rather than $3 until February 28, 2013. Drivers that register for a tolling account, use a windshield decal, and provide a payment mechanism for automatic payment will receive the low introductory rate until December 2013.

This tolling framework was established to promote the use of windshield decals, which are more reliable and accurate than license plate recognition, and to promote automatic payment, a much more efficient method of toll collection. The reduced rate keeps tolls as low as possible for drivers – families, commuters and businesses - and recognizes that construction along the corridor will be ongoing through 2013, with highway widening and interchange improvements through to Vancouver complete by December 2013.

The 2013/14 service planning period will be unique for TI Corp in that the organization will be accountable for two major undertakings:

1. The continued delivery of the Port Mann/Highway 1 Improvement Project, the largest transportation infrastructure project in B.C. history
2. Operation of a free-flow tolling system serving approximately 120,000 vehicles per day with approximately 2,000,000 unique customers on an annual basis.

TI Corp's objectives, detailed in the following pages, are reflective of these two primary accountabilities. The 2013/14 service plan contains objectives included in previous service plans, specific to construction

of the PMH1 Project. The service plan also sets out new goals, under development, to manage and measure the organization's performance with respect to the operation of the tolling system.

TI Corp's priorities will be to ensure the safe and reliable movement of traffic and goods along the Port Mann/Highway 1 corridor, the operation of a self-sustaining and financially stable organization, the provision of superior customer service and engagement of a driven workforce.

The key strategic issues and risks for TI Corp are any factors that could affect traffic volumes, corridor reliability or safety, construction schedule and budget. In addition, TI Corp is addressing the risk that road and weather conditions or traffic incidents along the corridor will affect potential travel time savings or anticipated safety benefits. To do so, an updated incident management procedure has been implemented to ensure any Motor Vehicle Incidents are dealt with quickly and efficiency, with full lane capacity returned promptly. Also, to prevent travel lane or bridge closures associated with inclement weather, an updated weather monitoring protocol has been implemented. In addition, measures to address ice build-up on the cables are being tested with implementation during winter 2012/13.

The above noted strategic issues and risks, including economic, demographic and market factors that could impact performance in 2013/14 are accounted for in TI Corp's risk management planning.

Organizational Capacity

TI Corp has the required capacity to meet its key objectives for the 2013/14 fiscal year.

- Deliver the Port Mann/Highway 1 Improvement Project on time and on budget
- Ensure the safe and reliable movement of traffic and goods along the Port Mann/Highway 1 corridor
- Operate a self-sustaining and financially stable organization
- Provide superior customer service
- Engage a workforce that drives operational success

The design-build contractor is held to schedule and budget measures to ensure the on time and on budget delivery of the Port Mann/Highway 1 Improvement Project and its related benefits.

The tolling operator is responsible for the day-to-day tolling operations, including customer service, helping customers set up accounts, answering questions about account options and programs, billing and accepting payments in person, by phone and online.

TI Corp will be responsible for ensuring both these contractors meet prescribed standards and timelines.

TI Corp will provide the operational oversight, guaranteeing the financial stability of the organization through its own driven and engaged workforce.

Risks

Risk management is implicit in TI Corp's management methodology. Key risk management principles include:

- Immediate communication of identified risks
- Proactive risk mitigation
- Continual review
- Appropriate allocation of risks to relevant parties

Current identified issues/risks and plans to address those risks are as follows:

Key Strategic Issue	Status and Potential Impacts	Risk Mitigation
Project cost escalation:		
• **Debt borrowing costs**	Long-term interest rate increases have been mitigated through a hedging strategy.	Risks associated with interest rate fluctuations over the course of the project are mitigated through the use of a long-term hedging strategy.
• **Project schedule and budget**	The Project is currently on schedule and on budget and substantial completion of tolling components was achieved on schedule in December 2012	TI Corp has entered into a design-build agreement with the contractor that requires the contractor to meet specific dates for the delivery of specific elements of the project.

		Ongoing monthly monitoring of construction progress is undertaken to achieve schedule certainty and mitigate cost pressures.
Tolling:		
• **Public acceptance of tolling operation**	Customer account registration, to date, has exceeded forecasts. At toll commencement, more than 500,000 vehicles were registered with TReO and more than 70% of regular users were registered.	A tolling framework was developed to provide drivers with an opportunity to use the new Port Mann Bridge at no cost (first week free for all drivers and 20 free trips if registered by Nov. 30) and at a reduced rate for three months (one year if registered). The framework is supported by a public communication and engagement plan to raise awareness of tolling and the travel time savings afforded by the project
• **Use of alternative crossings**	Risk of traffic diversion to other parts of the region.	The tolling framework, as above, was developed to encourage drivers to try the new bridge and widened highway. Efforts to maintain travel time savings, and enhance time savings with continued highway improvement will continue to mitigate diversion to alternate routes.
• **Long-term traffic volume fluctuations**	Risk that volumes will be substantially lower than forecasted would have financial consequences.	Updated traffic forecasts were developed in 2011, accounting for recent traffic patterns, fuel prices and economic conditions. These traffic projections were used to develop internal financial modeling and forecasting, reducing the risk of unanticipated traffic volumes. Ongoing monitoring of traffic volumes and usage patterns allows for updates to financial forecasts and development of mitigation plans as required.

Reliability and safety:		
• **Improved corridor reliability and safety**	Risk that road and weather conditions or traffic incidents along the corridor will affect potential travel time savings or anticipated safety benefits.	An updated incident management procedure has been implemented to ensure any Motor Vehicle Incidents are dealt with quickly and efficiency, with full lane capacity returned promptly. To prevent travel lane or bridge closures associated with inclement weather, an updated weather monitoring protocol has been implemented. In addition, measures to address ice build-up on the cables are being tested with implementation during winter 2012/13.

GOALS, STRATEGIES, PERFORMANCE MEASURES AND TARGETS

As noted above, the 2013/14 – 2015/16 reporting period marks a significant transition for TI Corp. As the organization looks ahead to the completion of construction activities, TI Corp's goals are shifting to better reflect the operation of an open road tolling system, the provision of services and benefits based on best practices used by similar tolled bridges and roadways, and the operation of a sustainable and financially stable organization.

As TI Corp moves further from construction to operations, this process will continue and organizational objectives will be refined.

Goal 1: Deliver the Port Mann Highway 1 Improvement Project on time and on budget

A key function of TI Corp is the ongoing management and oversight of the design-build contractor and its activities, ensuring construction proceeds according to schedule and remains on budget.

Strategies

A design-build agreement has been signed between TI Corp and the Kiewit/Flatiron General Partnership. Under this structure, the contractor is required to meet specific dates for the delivery of certain elements of the project.

To achieve these goals, TI Corp has set completion targets by fiscal year and measures progress against these targets. The design-build agreement structure places responsibility for construction-related cost overruns with the contractor for those activities under its direct control.

To achieve these goals, TI Corp has set specific financial targets and measures all streams of activity by fiscal year and measures progress against these targets.

Performance Measures

Performance Measures	2011/12 Target	2011/12 Actual	2012/13 Forecast	2013/14 Target	2014/15 Target
Achieve percentage of completion target for total design & build construction	77%	74%	93%	99%	100%

Performance Measures ($Millions)	2011/12 Target	2011/12 Actual	2012/13 Forecast	2013/14 Target	2014/15 Target
Remain within the approved Capital Budget	$2,473	$2,457	$3,085	$3,270	$3,319

Performance Management

The design-build contractor reports regularly to TI Corp on project progress and the percentage of completion is derived from an estimate of the progress of the particular segments of the project using verified progress billings.

The data used to measure financial performance is contained in TI Corp's annual financial statements, which are subject to annual independent audit. TI Corp has received an unqualified audit each year it has been in operation.

Goal 2: Ensure the safe and reliable movement of traffic and goods along the Port Mann Highway 1 corridor

Key goals of the Port Mann/Highway 1 Improvement Project are the reduction of congestion and travel times along the project corridor, improved safety and accessibility, expanded transit service and an expanded transportation network to better accommodate high occupancy vehicles (HOV), cyclists and pedestrians. This is a new goal for 2013/14 and reflects TI Corp's shift in roles from a construction focus to that of an operational service provider to customers and stakeholders along the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to implement these benefits along the new Port Mann/Highway 1 corridor will include:

- Managing corridor reliability and travel time predictability
- Ensuring corridor efficiency, and minimize disruptions to traffic flow

Performance Measures

Corridor Travel Time Savings

To measure current travel times, sample routes, as noted below, were driven in prevailing conditions (pre-bridge opening), by an independent traffic engineering firm. Routes were traveled several times to estimate the average travel time. The same routes will be analyzed during the 2013/14 service plan period to accurately measure the travel time savings associated with Port Mann/Highway 1 Improvement Project. The target for the performance measure is a 30% travel time savings, as indicated would be achieved in Gateway Program Definition Report, published during the PMH1 Project planning phase. Travel time estimates generated since then have indicated that travel time savings as high as 50% are possible with a new Port Mann Bridge and widened Highway 1. These updated estimates have informed the development of this performance measure.

Performance Measures	2012/13 Roundtrip[1] Actual (Benchmark)	2013/14 Target	2014/15 Target	2015/16 Target
Route 1[2] 152 Street to/from United Boulevard	0:23	30% - 40% savings	40% - 50% savings	50% savings
Route 2[3] 200 Street to/from Grandview Highway	1:47	30% - 40% savings	40% - 50% savings	50% savings
Route 3[4] 176 Street to/from Brunette Avenue	0:52	30% - 40% savings	40% - 50% savings	50% savings

[1] Round trip travel times are based on westbound AM and eastbound PM total travel times
[2] Route 1: 152 Street at 108 Avenue, Surrey to/from United Boulevard at Lougheed Highway, Coquitlam
[3] Route 2: 200 Street at 80 Avenue, Langley to/from Boundary Road at Grandview Highway, Vancouver
[4] Route 3: 176 Street at 96 Avenue, Surrey to/from Brunette Avenue at Lougheed Highway, Coquitlam

Corridor Incident Prevention and Response

A key objective of the Port Mann/Highway 1 Improvement Project is to improve the safety and efficiency of the highway corridor. Improved interchanges, new merging lanes, dedicated on and off-ramps and an overall reduction in congestion will all contribute to a safe and efficient corridor.

In addition, responding to highway incidents quickly and efficiently and restoring normal highway operations is a key component of the approach taken by TI Corp, and its partner contractors, to ensure the highway continues to operate efficiently and travel time savings are maintained.

During the 2013/14 service plan period, TI Corp will develop new performance standards to measure the safety and efficiency of the PMH1 corridor. Benchmarks will be based upon incident statistics experienced in other jurisdictions, incident forecasts by independent traffic engineering firms and performance on the completed portion of the PMH1 corridor. As of December 1, 2012, construction from the east end of the Port Mann Bridge to 200 Street in Langley is substantially complete. Corridor performance within this area will inform benchmark setting for the entire 37 kilometre project.

Goal 3: Operate a self-sustaining and financially stable organization

The Port Mann/Highway 1 Improvement Project is self-funding transportation infrastructure project using open road tolling technology. The Concession Agreement requires TI Corp to repay the Port Mann / Highway 1 Improvement Project debt by 2050 and meet the operations, maintenance and rehabilitation needs, as well as undertake any necessary future improvements.

As such, it is TI Corp's responsibility to ensure a sustainable, long term source of revenue and demonstrate the cost-effective management of toll revenue. TI Corp will ensure it remains financially stable by implementing operational efficiencies and controlling administrative costs, thereby keeping tolls low for customers.

This is a new goal for 2013/14 and reflects TI Corp's shift in roles from a construction focus to that of an operational service provider to customers and stakeholders along the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to operate a self-sustaining and financially stable organization include:

- Repay the Port Mann/Highway 1 Improvement Project debt within the prescribed time period
- Implement operational efficiencies and control administrative costs to keep costs low for TI Corp and tolls low for customers

Performance Measures

Operation Efficiency

A key measure of operational efficiency for an open road tolling system is the number of registered customers, and the percentage of customers with registered accounts. Registered accounts with

windshield decals and payment mechanisms on file are most efficient and cost effective because they are more accurate and payment is fully automated - invoicing and reconciliation is not required. TI Corp's goal is to have 80-85% of regular users registered, which is consistent with best in class industry standard.

Performance Measures	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target
% of regular users with registered accounts	New Measure	80-85%	80-85%	80-85%

In addition to tolling operations, maintenance of the Port Mann/Highway 1 corridor is a key TI Corp responsibility. These functions include, but are not limited to, maintenance of structures, including overpasses and underpasses, proper lane marking and delineation, winter road maintenance and routine road repairs and maintenance.

TI Corp's performance with respect to corridor safety and reliability will be measured using the performance measures under Goal 2: Ensure the safe and reliable movement of traffic and goods along the Port Mann Highway 1 corridor. In addition the annual operations and maintenance expenditures will be measured on an annual basis, and reported as a percentage of net revenues.

Performance Measures	2013/14 Target	2014/15 Target	2015/16 Target
Net Revenue (millions)	$121	$181	$202
Highway Operations & Maintenance Costs[5] (millions)	$9	$10	$9
Highway Operations & Maintenance Ratio	7%	5%	5%

Goal 4: Provide superior customer service

Superior customer service has always been one of TI Corp's key priorities. To measure customer satisfaction and the effectiveness of TI Corp's efforts to maximize predictability and minimize disruption during construction, an annual TI Corp customer service survey is conducted.

[5] Highway Operations and Maintenance costs include the third party service contractor Mainroad Infrastructure Maintenance LP, services provided by the Ministry of Transportation and Infrastructure, as well as TI Corp's other internal costs.

Annual Satisfaction Survey results (Fall 2012):

Performance Measures	2011/12 Actual	2012/13 Target	2012/13 Result
Residents and highway users feel they receive project updates often enough	90%	85-90%	90%
Residents and highway users feel the information included in project updates is relevant and useful	89%	85-90%	90%
Residents and highway users feel the project updates contain enough detail to properly plan travel	87%	85-90%	90%
Residents and highway users are satisfied with the overall quality of project updates	88%	85-90%	92%

As of December 2012, TI Corp has implemented the latest in open road tolling technology on the Port Mann Bridge. The tolling system has been designed to be easy, electronic and efficient; meaning the use of electronic tolling decals, easy and accessible account management and a customer-service oriented interface make tolling customer-focused and convenient for all users.

As construction winds down in late 2013, the 13/14 annual customer satisfaction survey will transition to measure customer attitudes towards the toll system and TReO, TI Corp's consumer-facing brand. The toll operator, TC Flow Inc., was selected in part because of its demonstrated experience and commitment to customer service. To ensure the toll operator maintains a satisfactory level of service, its performance will be measured on key indicators of customer service.

Strategies

TI Corp's strategies to provide continued superior customer service include:

- Operate a toll system that is easy, electronic and efficient for customers
- Ensure customers receive superior service

Performance Measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Percentage of telephone calls answered within 20 seconds	New Measure	80%	TBC	TBC
Number of customer service complaints as a percentage of Port Mann crossings	New Measure	1/10,000	TBC	TBC
Overall level of satisfaction with the toll system and customer service	New Measure	80-85%	TBC	TBC

Performance Management

The performance measures are derived from an annual customer satisfaction survey conducted by TI Corp. Participation in the current survey was open to all email subscribers of the Project's construction bulletins as well as visitors to the Project website. The survey results have a margin of error of +/- 3.5%, 19 times out of 20.

As noted above, the satisfaction survey will be expanded to include TI Corp's tolling customer service responsibilities. Participation will be expanded to include TReO customers.

Goal 5: Engage a workforce that drives operational success

TI Corp requires a highly qualified, diverse and flexible workforce in order to provide reliable, customer-oriented service for commuters and stakeholders that rely on the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to engage its workforce and drive operational success include:

- Supporting and investing in its employees;
- Fostering a culture of fiscal responsibility, teamwork and innovation.

Performance Measures

TI Corp will monitor success in leading an engaged workforce on an annual basis, covering a broad range of attributes including performance management and employee engagement. TI Corp benchmark for success in terms of employee satisfaction will mirror the benchmarks for customer satisfaction.

Performance Measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees.	New Measure	85%	TBC	TBC

Performance Management

Performance will be measured using the organization's annual employee engagement survey administered each spring.

GOVERNMENT'S LETTER OF EXPECTATIONS

The Government's Letter of Expectations, between the shareholder (the Government of British Columbia) and TI Corp, is an agreement on the respective roles and responsibilities of each, and serves as the basis of agreement between the shareholder and the Corporation on corporate mandate including high-level performance expectations, public policy issues, and strategic priorities.

GLE Direction	Transportation Investment Corporation Alignment
Manage and ensure the delivery and implementation of the design build work on the Port Mann/Highway 1 Improvement Project, all in accordance with the terms of the design build agreement dated as of March 17, 2009, signed between Transportation Investment Corporation (TI Corp) and Kiewit/Flatiron General Partnership, the contractor.	Transportation Investment Corporation continues to manage and ensure the quality of work done by the design-build contractor. On December 1, 2012, Phase One of the Port Mann/Highway Improvement Project was completed and opened on schedule. With the opening of the new bridge and highway widening between Langley and Coquitlam completed, drivers began to experience significant travel time savings. Phase Two of the project, which includes highway widening and interchange improvements from Coquitlam to Vancouver is proceeding on schedule for completion by December 2013.
Establish a tolling system and toll collections at the Port Mann Bridge, consistent with the provisions of the Port Mann / Highway 1 Concession Agreement signed on March 10, 2010, between the Province, BCTFA and TI Corp, as modified on May 25, 2010, and any future modifications to this agreement.	Trans-Canada Flow Tolling, the Port Mann/Highway 1 tolling operator commenced operations during the summer of 2012. Registration for tolling accounts commenced on September 19, 2012 and by December 1, 2012 more than 500,000 vehicles were registered with tolling accounts.

Work with the Ministry of Transportation and Infrastructure (the Ministry) to ensure financial targets and reporting requirements, as identified in the Ministry Budget Letter to TI Corp, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies.	TI Corp is committed to managing and meeting the financial targets outlined in this Service Plan. Regular dialogue and meetings between TI Corp and the Ministry ensure communication regarding financial reporting is frequent and timely. TI Corp submits quarterly financial statements, capital expenditures and debt forecasts.
Fulfill any other obligations consistent with the provisions of the Concession Agreement.	Transportation Investment Corporation continues to fulfill its obligations under the Concession Agreement. In addition the appropriate management of revenue and expenses, TI Corp continues to look for opportunities to ensure tolls are kept as low as possible for families, commuters and businesses. This includes an introductory toll rate that provides a 50% discount for small vehicles as well as an unlimited monthly pass for very frequent users.

In addition to the direction contained in TI Corp's Government Letter of Expectations, TI Corp and the PMH1 Improvement Project also play a role in the Province's climate change goals, by reducing greenhouse gases associated with congestion-induced idling and traffic delays, as well as by making public transit across the Port Mann Bridge possible for the first time in more than twenty-five years.

As of December 1, 2012, Highway 1 ExpressBus service is providing transit service between the Carvolth Exchange in Langley and Braid SkyTrain Station as fast as, or faster, than travelling by car. This ExpressBus service will contribute to reducing greenhouse gases by 10,000 to 15,000 tonnes per year by 2031, at which time more than 20,000 daily passengers are expected to use the service.

SUMMARY OF FINANCIAL OUTLOOK

Over the budget period, TI Corp will transition from a focus on construction activities to a focus on operations. As of December 1, 2012, tolling commenced. Within 2012/13, the tolling operator contract was awarded to TC Flow. Tolling Revenue and fees are based on the tolling framework which includes a promotional period to encourage registration.

($ Millions)[6]	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual	Forecast	Target	Target	Target
Revenue[7]	-	16	121	181	202
Operating Expenses[8]	9	41	58	32	32
Highway Operations and Maintenance[9]	5	8	9	10	9
Administration Expenses[10]	3	5	5	5	5
Operating Profit/(Loss)	(17)	(38)	49	134	156
Interest Expense[11]	-	25	107	144	153
Depreciation Expense	-	9	34	49	52
Net Income/(Loss)	(17)	(72)	(92)	(59)	(49)
Total Net Debt[12]	1,978	2,763	3,575	3,598	3,563
Retained Earnings/(Loss)	(75)	(147)	(239)	(298)	(347)
PMH1 Project Expenditure[13]	734	628	185	49	-

[6] All figures have been rounded to millions of dollars ($M) which results in rounding additions not always being consistent.

[7] Revenue for 2012/13 represents four months following the introduction of tolling in December 2012.

[8] Operating Expenses include toll operator and system operations, including ramp up expenses and training, ongoing operating expenses including quality monitoring and assurance programs as well as certain costs relating to the decommissioning of the old Port Mann Bridge.

[9] Highway Operations and Maintenance costs include the third party service contractor Mainroad Infrastructure Maintenance LP, and services provided by the Ministry of Transportation and Infrastructure.

[10] Administration Expenses include corporate overhead (salaries and occupancy costs such as rent).

[11] Depreciation and Interest expenses increase as various segments of the bridge and associated roadways are completed and made available for use.

[12] Total Net Debt (net of Sinking Fund) is expected to increase and will remain within the Treasury Board approved debt limits.

[13] As the project nears completion, capital expenditures will decrease significantly.

CAPITAL PLAN

The capital budget for the Port Mann/Highway 1 Improvement project is $3.319 billion. This includes the construction cost of the design-build contract with Kiewit/Flatiron General Partnership as well as interest charges, land rights payments, tolling infrastructure development and project management costs. In addition to the PMH1 project above, minor expenditures relating to road rehabilitation (post project completion) and technology upgrades of approximately $1-2 million per annum are included in the capital plan.

Except for the injection of $150 million of Provincial equity, financing for all capital and operating expenditures will be by way of the assumption of debt. All debt assumed as well as operating costs will be repaid over the term of the Concession Agreement from tolls collected from users.

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